

SENATE BILL 904

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P2

2004 Regular Session  
(4r1018)

**ENROLLED BILL**

-- Education, Health, and Environmental Affairs/Health and Government Operations --

Introduced by **The President (By Request - Administration)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Procurement - Small Business Procurement Contracts - Reserve Preference**

3 FOR the purpose of establishing a Small Business Reserve Program; designating the  
4 types of procurements in which the Small Business Reserve Program may  
5 participate; requiring certain procurement units to achieve a certain percentage  
6 of small business procurement contracts under the Program; requiring the  
7 Department of General Services to establish certain procedures to assist small  
8 businesses; requiring certain procurement units to report to the Board of Public  
9 Works by a certain date; providing for the application of certain provisions of  
10 this Act; providing that the total dollar value of procurements by certain  
11 procurement units do not include the value of certain contracts to which this Act  
12 does not apply because of a conflict with federal law; defining certain terms;  
13 providing for the termination of this Act; and generally relating to small  
14 business procurement contracts.

15 BY adding to

16 Article - State Finance and Procurement

1 Section 14-501 through 14-505, inclusive, to be under the new subtitle  
2 "Subtitle 5. Small Business Reserve Program"  
3 Annotated Code of Maryland  
4 (2001 Replacement Volume and 2003 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - State Finance and Procurement**

8 **SUBTITLE 5. SMALL BUSINESS RESERVE PROGRAM.**

9 14-501.

10 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
11 INDICATED.

12 (B) "DESIGNATED PROCUREMENT UNIT" MEANS:

- 13 (1) THE STATE TREASURER;
- 14 (2) THE DEPARTMENT OF BUDGET AND MANAGEMENT;
- 15 (3) THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT;
- 16 (4) THE DEPARTMENT OF THE ENVIRONMENT;
- 17 (5) THE DEPARTMENT OF GENERAL SERVICES;
- 18 (6) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE;
- 19 (7) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT;
- 20 (8) THE DEPARTMENT OF HUMAN RESOURCES;
- 21 (9) THE DEPARTMENT OF JUVENILE SERVICES;
- 22 (10) THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION;
- 23 (11) THE DEPARTMENT OF NATURAL RESOURCES;
- 24 (12) THE STATE DEPARTMENT OF EDUCATION;
- 25 (13) THE DEPARTMENT OF STATE POLICE;
- 26 (14) THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL  
27 SERVICES;
- 28 (15) THE DEPARTMENT OF TRANSPORTATION;
- 29 (16) THE UNIVERSITY SYSTEM OF MARYLAND;

- 1 (17) THE MARYLAND PORT COMMISSION;
- 2 (18) THE STATE RETIREMENT AGENCY;
- 3 (19) THE MARYLAND INSURANCE ADMINISTRATION;
- 4 ~~(20) THE INJURED WORKERS' INSURANCE FUND;~~
- 5 ~~(21)~~ (20) THE MARYLAND STADIUM AUTHORITY;
- 6 ~~(22)~~ (21) ~~THE MARYLAND PORT AUTHORITY;~~
- 7 ~~(23)~~ ~~(22)~~ THE STATE LOTTERY AGENCY; AND
- 8 ~~(24)~~ ~~(23)~~ (22) THE MORGAN STATE UNIVERSITY.

9 (C) "SMALL BUSINESS" MEANS:

10 (1) A CERTIFIED MINORITY BUSINESS ENTERPRISE, AS DEFINED IN §  
 11 14-301 OF THIS TITLE, THAT MEETS THE CRITERIA SPECIFIED UNDER PARAGRAPH (2)  
 12 OF THIS SUBSECTION; OR

13 (2) A BUSINESS, OTHER THAN A BROKER, THAT MEETS THE FOLLOWING  
 14 CRITERIA:

- 15 ~~(1)~~ (I) THE BUSINESS IS INDEPENDENTLY OWNED AND OPERATED;
- 16 ~~(2)~~ (II) THE BUSINESS IS NOT A SUBSIDIARY OF ANOTHER BUSINESS;
- 17 ~~(3)~~ (III) THE BUSINESS IS NOT DOMINANT IN ITS FIELD OF OPERATION;
- 18 ~~(4)~~ (IV) THE WHOLESALE OPERATIONS OF THE BUSINESS DID NOT  
 19 EMPLOY MORE THAN 50 PERSONS, AND THE GROSS SALES OF THE BUSINESS DID NOT  
 20 EXCEED AN AVERAGE OF \$2,000,000 IN ITS MOST RECENTLY COMPLETED FISCAL  
 21 YEAR 3 FISCAL YEARS;
- 22 ~~(5)~~ (V) THE RETAIL OPERATIONS OF THE BUSINESS DID NOT EMPLOY  
 23 MORE THAN 25 PERSONS, AND THE GROSS SALES OF THE BUSINESS DID NOT EXCEED  
 24 \$1,000,000 IN ITS MOST RECENTLY COMPLETED FISCAL YEAR AN AVERAGE OF  
 25 \$2,000,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS;
- 26 ~~(6)~~ (VI) THE MANUFACTURING OPERATIONS OF THE BUSINESS DID  
 27 NOT EMPLOY MORE THAN 100 PERSONS, AND THE GROSS SALES OF THE BUSINESS  
 28 DID NOT EXCEED \$1,000,000 IN ITS MOST RECENTLY COMPLETED FISCAL YEAR AN  
 29 AVERAGE OF \$2,000,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS;
- 30 ~~(7)~~ (VII) THE SERVICE OPERATIONS OF THE BUSINESS DID NOT EMPLOY  
 31 MORE THAN 100 PERSONS, AND THE GROSS SALES OF THE BUSINESS DID NOT  
 32 EXCEED \$1,000,000 IN ITS MOST RECENTLY COMPLETED FISCAL YEAR AN AVERAGE  
 33 OF \$2,000,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS; AND

1           ~~(8)~~     (VIII)   THE CONSTRUCTION OPERATIONS OF THE BUSINESS DID NOT  
2 EMPLOY MORE THAN 50 PERSONS, AND THE GROSS SALES OF THE BUSINESS DID NOT  
3 EXCEED \$4,000,000 IN ITS MOST RECENTLY COMPLETED FISCAL YEAR AN AVERAGE  
4 OF \$7,000,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS.

5           (D)     "SMALL BUSINESS RESERVE" MEANS THOSE PROCUREMENTS THAT ARE  
6 LIMITED TO RESPONSES FROM SMALL BUSINESSES UNDER § 14-502(B) OF THIS  
7 SUBTITLE.

8 14-502.

9           (A)     EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, THIS  
10 SUBTITLE APPLIES TO ALL PROCUREMENTS BY A DESIGNATED PROCUREMENT UNIT.

11          (B)     THIS SUBSECTION DOES NOT APPLY TO PROCUREMENTS SUBJECT TO  
12 SUBTITLE 1 OF THIS TITLE.

13          ~~(B)~~     (C)     A DESIGNATED PROCUREMENT UNIT SHALL STRUCTURE ITS  
14 PROCUREMENT PROCEDURES TO ACHIEVE A MINIMUM OF 10 PERCENT OF THE  
15 UNIT'S TOTAL DOLLAR VALUE OF GOODS, SUPPLIES, SERVICES, MAINTENANCE,  
16 CONSTRUCTION, CONSTRUCTION-RELATED SERVICES, ARCHITECTURAL SERVICE,  
17 AND ENGINEERING SERVICE CONTRACTS TO BE MADE DIRECTLY TO SMALL  
18 BUSINESSES.

19          (D)     THE TOTAL DOLLAR VALUE OF PROCUREMENTS BY A DESIGNATED  
20 PROCUREMENT UNIT DOES NOT INCLUDE THE VALUE OF CONTRACTS TO WHICH  
21 THIS SECTION DOES NOT APPLY BECAUSE OF A CONFLICT WITH FEDERAL LAW.

22 14-503.

23          (A)     THE DEPARTMENT OF GENERAL SERVICES SHALL ADOPT REGULATIONS  
24 TO ESTABLISH PROCEDURES FOR COMPILING AND MAINTAINING A COMPREHENSIVE  
25 BIDDER'S LIST OF QUALIFIED SMALL BUSINESSES THAT SHALL BE POSTED ON THE  
26 DEPARTMENT'S WEBSITE.

27          (B)     EACH DESIGNATED PROCUREMENT UNIT SHALL ENSURE COMPLIANCE  
28 WITH THE REGULATIONS SET FORTH IN SUBSECTION (A) OF THIS SECTION.

29 14-504.

30          (A)     ANY PROCUREMENT BY A DESIGNATED PROCUREMENT UNIT OF GOODS,  
31 SUPPLIES, SERVICES, MAINTENANCE, CONSTRUCTION, CONSTRUCTION-RELATED  
32 SERVICES, ARCHITECTURAL SERVICES, AND ENGINEERING SERVICES SHALL BE  
33 ELIGIBLE FOR DESIGNATION FOR THE SMALL BUSINESS RESERVE.

34          (B)     A SOLICITATION FOR PROCUREMENT THAT HAS BEEN DESIGNATED FOR A  
35 SMALL BUSINESS RESERVE SHALL BE PUBLISHED IN THE SAME MANNER AS  
36 REQUIRED FOR AN INVITATION FOR BIDS AS SET FORTH IN § 13-103(C) OF THIS  
37 ARTICLE.

1 (C) THE PROCUREMENT OFFICER OF A DESIGNATED PROCUREMENT UNIT  
2 SHALL AWARD A PROCUREMENT CONTRACT DESIGNATED FOR A SMALL BUSINESS  
3 RESERVE TO THE SMALL BUSINESS THAT SUBMITS A RESPONSIVE BID THAT:

4 (1) IS THE LOWEST BID PRICE;

5 (2) IF THE INVITATION FOR BIDS SO PROVIDES, IS THE LOWEST  
6 EVALUATED BID PRICE; OR

7 (3) IS THE BID OR PROPOSAL MOST FAVORABLE TO THE STATE WITHIN  
8 THE SMALL BUSINESS RESERVE.

9 14-505.

10 (A) WITHIN 90 DAYS AFTER THE END OF EACH FISCAL YEAR, EACH  
11 DESIGNATED PROCUREMENT UNIT SHALL SUBMIT A REPORT ON THE OPERATION  
12 AND EFFECTIVENESS OF THE SMALL BUSINESS RESERVE PROGRAM TO THE BOARD  
13 OF PUBLIC WORKS.

14 (B) WITHIN 60 DAYS AFTER RECEIPT OF ALL REPORTS REQUIRED UNDER  
15 SUBSECTION (A) OF THIS SECTION, THE BOARD OF PUBLIC WORKS SHALL COMPILE  
16 THE INFORMATION AND REPORT ON THE ENTIRE SMALL BUSINESS RESERVE  
17 PROGRAM TO THE LEGISLATIVE POLICY COMMITTEE, SUBJECT TO § 2-1246 OF THE  
18 STATE GOVERNMENT ARTICLE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
20 effect October 1, 2004. It shall remain effective for a period of 3 years and, at the end  
21 of September 30, 2007, with no further action required by the General Assembly, this  
22 Act, and any regulations adopted under the provisions of this Act, shall be abrogated  
23 and of no further force and effect.